

INTERNATIONAL FINANCIAL INSTITUTIONS

DECEMBER 21, 1970.—Ordered to be printed

Mr. REUSS, from the committee of conference, submitted the following

CONFERENCE REPORT

[To accompany H.R. 18306]

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 18306) to authorize United States participation in increases in the resources of certain international financial institutions, to provide for an annual audit of the Exchange Stabilization Fund by the General Accounting Office, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate to the text of the bill and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

Chapter 1.—INTERNATIONAL MONETARY FUND

Sec.

1. Amendment of Bretton Woods Agreements Act.
2. Amendment of Special Drawing Rights Act.

§ 1. Amendment of Bretton Woods Agreements Act

The Bretton Woods Agreements Act (22 U.S.C. 286–286k–2) is amended by adding at the end thereof the following new sections:

“SEC. 22. (a) The United States Governor of the Fund is authorized to consent to an increase of \$1,540,000,000 in the quota of the United States in the Fund.

“(b) In order to pay the increase in the United States quota in the Fund provided for in this section, there is hereby authorized to be appropriated \$1,540,000,000, to remain available until expended.

“SEC. 23. (a) The United States Governor of the Bank is authorized (1) to vote for an increase of \$3,000,000,000 in the authorized capital stock of the Bank, and (2) if such increase becomes effective, to subscribe

on behalf of the United States to two thousand four hundred and sixty-one additional shares of the capital stock of the Bank.

"(b) In order to pay for the increase in the United States subscription to the Bank provided for in this section, there is hereby authorized to be appropriated \$246,100,000 to remain available until expended."

§ 2. Amendments of Special Drawing Rights Act

Section 6 of the Special Drawing Rights Act (22 U.S.C. 286q) is amended to read as follows:

"SEC. 6. Unless Congress by law authorizes such action, neither the President nor any person or agency shall on behalf of the United States vote to allocate in each basic period Special Drawing Rights under article XXIV, sections 2 and 3, of the Articles of Agreement of the Fund so that allocations to the United States in that period exceed an amount equal to the United States quota in the Fund as authorized under the Bretton Woods Agreements Act."

Chapter 2.—INTER-AMERICAN DEVELOPMENT BANK

Sec.

21. Amendment of Inter-American Development Bank Act.

§ 21. Amendment of Inter-American Development Bank Act

(a) The Inter-American Development Bank Act (22 U.S.C. 283–283n) is amended by adding at the end thereof the following new section:

"SEC. 18. (a) The United States Governor of the Bank is hereby authorized to vote in favor of the two resolutions proposed by the Governors at their annual meeting in April 1970 and now pending before the Board of Governors of the Bank, which provide for (1) an increase in the authorized capital stock to the Bank and additional subscriptions of members thereto and (2) an increase in the resources of the Fund for Special Operations and contributions thereto. Upon adoption of such resolutions the United States Governor is authorized to agree on behalf of the United States (1) to subscribe to eighty-two thousand three hundred and fifty-two shares of \$10,000 par value of the increase in the authorized capital stock of the Bank of which sixty-seven thousand three hundred and fifty-two shall be callable shares and fifteen thousand shall be paid in and (2) to pay to the Fund for Special Operations an initial annual installment of \$100,000,000 and, upon further authorization by the Congress, two subsequent annual installments of \$450,000,000 each, in accordance with and subject to the terms and conditions of such resolutions.

"(b) There are hereby authorized to be appropriated, without fiscal year limitation, the amounts necessary for payment by the Secretary of the Treasury of (1) three annual installments of \$50,000,000 each for the United States subscription to paid-in capital stock of the Bank; (2) two installments of \$336,760,000 each for the United States subscription to the callable capital stock of the Bank; and (3) one installment of \$100,000,000 for the United States share of the increase in the resources of the Fund for Special Operations of the Bank."

(b) The first sentence of section 3(b) of the Inter-American Development Bank Act (22 U.S.C. 283a(b)) is amended by inserting immediately before the period at the end thereof the following: "and an alternate Executive Director".

Chapter 3.—ANNUAL REPORT OF NATIONAL ADVISORY COUNCIL

§ 31. Annual report

The National Advisory Council on International Monetary and Financial Policies shall include in its annual report to the Congress (1) a statement with respect to each loan approved and outstanding, made by the International Bank for Reconstruction and Development, the International Development Association, the Inter-American Development Bank, and the Asian Development Bank, including an evaluation of new loans made by said organization and a progress report of the project covered by each loan, and a discussion of how each loan will benefit the people of the recipient country, and (2) a statement on steps taken jointly and individually by member countries of the Inter-American Development Bank to restrain their military expenditures, and to preserve and strengthen free and democratic institutions.

Chapter 4.—AUDIT OF EXCHANGE STABILIZATION FUND

Sec.

41. Annual report.

42. Audit by General Accounting Office.

§ 41. Annual report

The last sentence of section 10(a) of the Gold Reserve Act of 1934 (31 U.S.C. 822a(a)) is amended to read: "The Secretary of the Treasury shall annually make a report on the operations of the fund to the President and to the Congress."

§ 42. Audit by General Accounting Office

Section 10(b) of the Gold Reserve Act of 1934 (31 U.S.C. 822a(b)) is amended by inserting after the first sentence thereof the following: "Subject to the foregoing provisions the administrative expenses of the fund shall be audited by the General Accounting Office at such times and in such manner as the Comptroller General of the United States may by regulation prescribe for the purpose of ascertaining that administrative funds are properly accounted for and that fully adequate accounting procedures and systems for control of such funds have been established. Except for information determined by the Secretary to be of an internationally significant nature, there shall be furnished to the Comptroller General such information on the administrative expenses of the fund as is necessary to conduct the audit, and the Comptroller General or any of his representatives shall, for the purpose of securing this information, have access to all books, accounts, records, reports, files, and all other papers, things, or property belonging to or in use by the United States Government (other than records, reports, files, or other papers or things containing or revealing information determined by the Secretary of the Treasury to be of an internationally significant nature)."

Chapter 5.—EMPLOYEE BENEFITS FOR UNITED STATES REPRESENTATIVES

§ 51. Employee benefits

Notwithstanding the provisions of any other law, the Executive Directors and Directors and their alternates, representing the United States in the International Monetary Fund, the International Bank for Reconstruction

and Development, the Inter-American Development Bank, and the Asian Development Bank, shall, in the discretion of the Secretary of the Treasury, each be eligible on the basis of such service and the total compensation received therefor, for all employee benefits afforded employees in the civil service of the United States. The Treasury Department shall serve as the employing office for collecting, accounting for, and depositing in the Civil Service Retirement and Disability Fund, Employees Life Insurance Fund, and Employees Health Benefits Fund, all retirement and health insurance benefits payments made by these employees, and shall make any necessary agency contributions from the fund established pursuant to section 10(a) of the Gold Reserve Act of 1934 (31 U.S.C. 822(a)). This section shall be effective as of December 14, 1966.

And the Senate to the same.

That the Senate recede from its amendment to the title of the bill.

HENRY S. REUSS,
THOMAS L. ASHLEY,
WM. MOORHEAD,
WM. A. BARRETT,
WILLIAM B. WIDNALL,
J. WILLIAM STANTON,

Managers on the Part of the House.

J. W. FULBRIGHT,
JOHN SPARKMAN,
ALBERT GORE,
GEORGE D. AIKEN,
CLIFFORD P. CASE,

Managers on the Part of the Senate.

STATEMENT OF THE MANAGERS ON THE PART OF THE HOUSE

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 18306) to authorize United States participation in increases in the resources of certain international financial institutions, to provide for an annual audit of the Exchange Stabilization Fund by the General Accounting Office, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The Senate amendment struck out all of the House bill after the enacting clause and inserted a substitute. The House recedes from its disagreement to the amendment of the Senate, with an amendment which is a substitute for both the House bill and the Senate amendment. The differences between the House bill and the substitute agreed to in conference are noted below except for minor technical and clarifying changes made necessary by reason of the conference agreement.

ASIAN DEVELOPMENT BANK

Chapter I of the House-passed bill provided for the United States Governor to the Asian Development Bank to enter into an agreement with the Bank providing for a United States contribution of \$100 million to the bank in three annual installments of \$25 million, \$35 million, and \$40 million beginning in Fiscal Year 1970. The Senate-passed bill contained no authorizations for the Asian Development Bank. The conference substitute contains no provision authorizing any funds for the Asian Development Bank.

INTERNATIONAL MONETARY FUND AND THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

The Senate-passed authorization for the United States Governor of the IMF and the IBRD was identical to the House-passed language.

INTER-AMERICAN DEVELOPMENT BANK

The House-passed bill authorized the United States Governor of the Bank to, among other things, vote in favor of resolutions providing for an increase in the authorized capital stock to the bank, and an increase in the resources of the Fund for Special Operations.

In addition, the House-passed bill authorized the United States Governor to subscribe to \$823.5 million of the authorized capital stock of the Bank and to contribute the initial amount of \$100 million and two subsequent annual installments of \$450 million each to the Bank's Fund for Special Operations.

The Senate-passed bill, as it relates to the Fund for Special Operations, authorized the United States Governor to agree to pay the initial installment of \$100 million and make payment of the two subsequent installments of \$450 million subject to further authorization by the Congress. In addition the Senate bill authorized to be appropriated only the initial \$100 million installment.

The conference substitute contains the Senate provision.

The practice in previous authorizations for the IDB has been to authorize the United States Governor to commit the United States to pay the full amount of the proposed United States subscription to the resources of the Fund for Special Operations. This commitment is first authorized and then subject to individual appropriations for each installment of the contribution.

In this bill we have made payment of the second two installments subject to authorization of appropriations as well as to the appropriations themselves. The purpose of this procedure is to assure the House of Representatives and the Senate an opportunity to have a full review of the IDB operations after a year's experience with this replenishment of the resources of the Fund for Special Operations. It is not our intention to limit in any way the past procedure of allowing the United States Governor to commit the United States to the full amount of its proposed contribution by signifying our agreement to contribute to the FSO in accordance with the applicable IDB resolution.

AUDIT OF EXCHANGE STABILIZATION FUND

The House-passed bill provided for an audit of the Exchange Stabilization Fund by the General Accounting Office. The Senate-passed bill contained no provision. With minor change, the Senate accepted the House language on this provision.

The administrative expenses of the Fund cover the expenses of carrying out of stabilization operations and other related international economic activities of the Office of the Assistant Secretary for International Affairs of the Treasury, as well as legal and administrative support services. These expenses have been audited for many years and the reports of audit have been made available to the Congress annually. The accounts of the Fund are now administered by the Assistant Secretary of the Treasury for International Affairs, under the direction of the Secretary, and the conferees believe that this method of administration should continue. Nevertheless, they believe that as a matter of good administrative practice there should be an independent judgment that administrative funds are properly accounted for and that fully adequate accounting procedures and systems for control of such funds have been established. They also believe that the funds should continue to be used only for supporting Treasury exchange stabilization and related activities including support for our participation in international financial institutions.

ANNUAL REPORT OF NATIONAL ADVISORY COUNCIL

Both bills provided for an annual report from the National Advisory Council concerning loans made by the IBRD, IDA, IDB, and the ADB. With minor exception, the House language prevailed.

When such reports are submitted to the Congress, it is the position of the House conferees that on approved loans the report should indicate whether the United States representative voted for or against the loan.

EMPLOYEE BENEFITS FOR UNITED STATES REPRESENTATIVES

The House-passed bill provided discretionary authority to the Secretary of the Treasury to make certain adjustments in employee benefits for various United States representatives to the IMF, IBRD, IDB and the ADB.

The Senate-passed bill contained no such provision.

The conference substitute contains the House provision.

HENRY S. REUSS,
THOMAS L. ASHLEY,
WILLIAM MOORHEAD,
WILLIAM A. BARRETT,
WILLIAM B. WIDNALL,
J. WILLIAM STANTON,

Managers on the Part of the House.



